city of penticton

2014 financial statements

for the year ended December 31, 2014

chief financial officer's report

May 21, 2015

Your Worship and Members of Council:

I am pleased to submit the City of Penticton's 2014 Annual Financial Report for the year ended December 31, 2014, as required by Sections 98 and 167 of the Community Charter. The report includes the Auditor's Report, the 2014 audited financial statements and supplementary information for the City of Penticton.

The financial statements for the year ended December 31, 2014 were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Management is responsible for implementing and maintaining a system of internal controls to ensure that reliable financial statements and schedules are prepared, and that these statements are consistent with other reporting requirements as part of the Financial Information Act.

These statements were audited by BDO Canada LLP, and their responsibility was to express an opinion based on the results of the audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement. The statements are reviewed to ensure they are comprehensive, reliable and understandable.

Once again, the City's general operations came in virtually on budget, with a deficit of $72,000 on an expenditures budget of $73.7 million. As a result, the City's financial position, in the form of its reserves, ended the year marginally down at $5.14 million. Significant events reflected in the consolidated statements include the contribution of over $5 million in infrastructure assets transferred to the City upon the completion of residential

Continued on next page

Continued from previous page

housing developments, as well as the transfer of over $3 million to City reserves since the completion of the water agreement with the Regional District of Okanagan-Similkameen.

Operations in 2014 were in line with budget, meeting expectations of fiscal accountability and exhibiting core corporate values in the development of a sustainable City where services are delivered efficiently and effectively. For many communities including Penticton, the issue of aging infrastructure has loomed large as a future challenge to be met. Currently, the City of Penticton has adequate reserves; however, the ten-year financial planning process anticipates demands will be placed on those reserves as replacement projects are initiated. To that end, the City will increasingly be looking for solutions to infrastructure funding sources, including senior levels of government, to meet this demand.

The 2014 Annual Report provides an opportunity to communicate with stakeholders the City of Penticton's financial performance, along with related information on projects and financial strategies. Continuing to focus on current economic conditions with a long-term strategic planning view will align the financial capacity with community service requirements.

Respectfully submitted,

Colin Fisher, CGA
Chief Financial Officer

BDO

Tel: 250 492 6020
Fax: 250 492 8110
www.bdo.ca

BDO Canada LLP
102 - 100 Front Street
Penticton BC V2A 1H1 Canada

Independent Auditor's Report

To the Mayor and Council of
The Corporation of the City of Penticton

We have audited the accompanying consolidated financial statements of The Corporation of the City of Penticton, which comprises the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Penticton as at December 31, 2014 and the results of its operations, change in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Penticton, British Columbia
May 19, 2015

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	$ 8,975,064	$ -
Term Deposits (Note 1)	66,415,650	64,881,844
Accounts Receivable (Note 2)	10,406,035	9,493,038
Land Inventory Held for Resale (Note 13)	-	2,397,891
	85,796,749	76,772,773
FINANCIAL LIABILITIES		
Bank Indebtedness (Note 11)	-	490,162
Development Cost Charges (Note 3)	8,172,499	7,345,974
Accounts Payable and Accrued Liabilities	14,401,633	11,594,785
Deferred Revenue	4,088,062	4,226,178
Deposits	2,063,740	2,295,836
Penticton Public Library	59,157	70,479
Long Term Debt (Note 8)	54,718,870	60,295,264
	83,503,961	86,318,678
NET ASSETS (DEBT)	$ 2,292,788	$ (9,545,905)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 9)	$315,332,726	$313,085,090
Inventory	3,092,431	2,987,263
Prepaid Expenses	602,245	851,919
	319,027,402	316,924,272
ACCUMULATED SURPLUS	$321,320,190	$307,378,367

See accompanying notes to the Consolidated Financial Statements.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

	2014 Budget	2014	2013
REVENUE			
Taxation	$ 27,744,785	$ 27,700,949	$ 27,165,495
Sales of Services	56,593,970	58,153,643	55,388,805
Government Grants and Transfers	3,850,370	1,984,730	3,103,163
Other Revenue	8,982,305	14,487,771	11,466,351
Other Contributions	406,906	910,865	1,021,237
Gain on Sale of TCA	-	137,810	199,386
Contributed Asset Revenue	-	5,234,621	-
	97,578,336	108,610,389	98,344,437
EXPENDITURE (Note 10)			
General Government	7,719,724	16,152,501	12,934,613
Protective Services	13,649,782	13,190,941	13,639,507
Transportation Services	6,554,855	10,150,126	8,962,583
Environmental Health Services	1,361,417	1,275,283	1,219,342
Public Health and Safety	163,650	156,844	314,173
Environmental Development Services	2,395,767	2,424,837	2,655,757
Recreation and Culture	10,715,326	11,688,899	11,805,660
Electrical Supply	29,131,916	30,246,792	29,617,828
Sewer System Utility	3,196,649	4,546,820	3,879,867
Water Utility Services	3,220,645	4,835,523	3,806,821
	78,109,731	94,668,566	88,836,151
ANNUAL SURPLUS	19,468,605	13,941,823	9,508,286
ACCUMULATED SURPLUS, BEGINNING OF YEAR	307,378,367	307,378,367	297,870,081
ACCUMULATED SURPLUS, END OF YEAR	$326,846,972	$321,320,190	$307,378,367

See accompanying notes to the Consolidated Financial Statements.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS (DEBT)
YEAR ENDED DECEMBER 31, 2014

	2014	2013
Annual surplus	$ 13,941,823	$ 9,508,286
Acquisition of Tangible Capital Assets (Note 9)	(9,077,319)	(8,559,790)
Amortization of Tangible Capital Assets (Note 9)	13,123,405	12,624,531
Net Disposal of Tangible Capital Assets (Note 9)	65,479	835,699
Contributed Tangible Capital Assets (Note 9)	(5,234,621)	-
Asset reclassification (Note 9)	(1,124,580)	-
	11,694,187	14,408,726
Change in Prepaid Expenses	249,676	(327,656)
Consumption of Supplies Inventories	(105,170)	31,622
	144,506	(296,034)
Decrease in Net Debt	11,838,693	14,112,692
Net Debt, Beginning of Year	(9,545,905)	(23,658,597)
Net Assets (Debt), End of Year	$ 2,292,788	$ (9,545,905)

See accompanying notes to the Consolidated Financial Statements.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	2014	2013
Operating Transactions		
Annual Surplus	$ 13,941,823	$ 9,508,286
Change in Non-Cash Operating Items		
(Increase) in Accounts Receivable	(912,997)	(2,155,247)
Increase in Trade Accounts Payable and Accrued Liabilities	3,251,839	148,804
(Increase) decrease in Prepaid Expenses	249,674	(327,656)
(Increase) decrease in Inventory	(105,170)	31,623
Net Disposal of Tangible Capital Assets	65,479	835,699
Amortization	13,123,405	12,624,531
Contributed Tangible Capital Assets	(5,234,621)	-
Decrease in land to Fair Market Value	1,197,891	-
Asset reclassification	75,422	-
	11,710,922	11,157,754
Cash Provided by Operating Activities	25,652,745	20,666,040
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(9,077,319)	(8,559,790)
Financing Transactions		
Debt Repayment	(5,576,394)	(7,304,101)
Investing Transactions		
(Increase) in Term Deposits	(1,533,806)	(8,130,351)
Change in Cash	9,465,226	(3,328,202)
Cash and Bank Indebtedness, Beginning of Year	(490,162)	2,838,040
Cash and Bank Indebtedness, End of Year	$ 8,975,064	$ (490,162)

See accompanying notes to the Consolidated Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2014

Management's Responsibility for the Financial Statements

The consolidated financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated.

Interfund Balances and Transactions

All material interfund transactions and balances have been eliminated within the Consolidated Financial Statements for the General, Sewer, Water and Electrical funds.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Utilities

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.

Fee for Service

Sales of service and other revenue is recognized on an accrual basis.

SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2014

Financial Instruments

The City's financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Inventory

The City holds consumable inventory which is valued at cost and is disclosed as a non-financial asset.

Tangible Capital Assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	50 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 50 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	10 to 20 years
Furniture and Equipment	10 to 20 years
Computer Hardware and Software	4 to 10 years

Reserve for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2014

Use of Estimates

The preparation of consolidated financial statements in accordance with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Term Deposits

	Amount	Effective Interest Rate (%)	Maturity Date
Valley First Credit	$ 5,000,000	2.00	May 1, 2015
Valley First Credit	5,000,000	2.00	May 1, 2015
Valley First Credit	5,162,945	1.80	May 17, 2015
Valley First Credit	5,097,500	1.75	January 3, 2015
Valley First Credit	10,014,384	1.75	January 11, 2015
Valley First Credit	10,637,436	1.80	December 29, 2015
Municipal Finance Authority	25,503,385	3.15	December 31, 2015
	$ 66,415,650		

2. Accounts Receivable

	2014	2013
Property Taxes	$ 1,514,867	$ 1,388,804
Other Receivables	3,056,609	1,609,770
Federal Government	855,235	465,736
Provincial Government	1,164,124	1,149,418
Regional District Okanagan Similkameen	46,122	26,122
Other Government Agencies	75,810	1,521,786
Utility Rates Receivable	3,484,974	3,106,912
Accrued Interest Receivable	158,204	183,580
Cemetery Trust Fund Receivable	50,090	40,910
	$ 10,406,035	$ 9,493,038

3. Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue.

	2014	2013
DCC by Type		
Roads DCC	$ 670,706	$ 694,822
Parks DCC	156,915	128,999
Drainage DCC	305,402	279,537
Waste Water DCC	4,931,610	4,682,372
Water DCC	2,107,866	1,560,244
	8,172,499	7,345,974
DCC Activity		
Balance, Beginning of Year	7,345,974	5,207,190
Return on Investments	137,077	110,600
DCCs Levied in the Year	767,754	2,515,156
Transfers to General Operating	(78,306)	(486,972)
	$ 8,172,499	$ 7,345,974

4. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2014 $64,741 (2013 - $23,579) of Economic Incentive tax exemptions were granted. In addition, Council approved $20,500 (2013 - $359,070) of DCC reductions in 2014.

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (the Plan) a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for

5. Pension Liability continued

allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Penticton paid $1,580,149 (2013 - $1,485,869) for employer contributions to the Plan in fiscal 2014.

6. Contingent Liabilities

a. Regional District of Okanagan Similkameen

Under Section 836 of the Local Government Act, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2014, the long term debt of the Regional District aggregated $102,463,791 (2013 - $109,771,795).

b. Legal Actions

As at December 31, 2014, certain legal actions are pending against the City as follows:

1. The City is aware of various liens registered against the City owned properties located at 903-969 Eckhardt Ave W. These liens were filed by various companies engaged by the third party purchaser of the same properties who subsequently defaulted on the purchase. These companies were not paid and they filed liens against the properties. Twelve liens were filed representing claims totaling $2,111,921.90. Since then, and within the one year limitation period under the Builders Lien Act, five lien claimants had started legal actions against various parties, including the City, and filed certificates of pending litigation ("CPL") against the properties. One claimant has subsequently abandoned its lien claim and discontinued its action and another claimant reached a settlement. The remaining three claims remain alive with the value of these lien claims totaling $663,851. It is unknown at this time the likely outcome; however, damages could reach $66,000, which is 10% of the total claims still being advanced. $317,212 is being held in trust by the City's legal counsel pending settlement of these claims.

2. The City of Penticton has been named a party to an action related to the construction of the indoor soccer facility with respect to deficiencies in the physical durability of the outer covering. Expected exposure relates to costs which cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

3. The City of Penticton has been named a party to an action with respect to the City's operation of the Carmi Landfill on lands now owned by the Plaintiff. The Plaintiff alleges that the City is liable for remediation of the contamination and seeks damages for negligence, trespass and nuisance but expected exposure cannot be reasonably estimated at this time. The action has been placed in abeyance while the Plaintiff completes further environmental studies. The amount of the claim is unspecified. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

4. The City of Penticton has been named a party to an action with respect to a claim filed with the Expropriation Compensation Board claiming constructive expropriation and injurious affection arising from the Campbell Mountain Landfill, and in particular, methane gas emissions from the landfill. The City filed its Statement of Defense in 2000 and the claim has not moved forward for some time. Expected exposure cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

6. Contingent Liabilities continued

b. Legal Actions continued

5. That the City has been named a party to an action with respect to a claim made for interference with development rights. The Claimant may have a reasonable basis for a claim; however given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

c. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $1,421,558 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the Consolidated Financial Statements but are available to satisfy liabilities arising from non-performance by the depositors.

8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2014	2013
Long Term Debt	$ 54,718,870	$ 60,295,264

Principal repayments relating to long term debt of $54,718,870 outstanding are due as follows (in thousands):

	2015	2016	2017	2018	2019	Thereafter
General Fund	$ 3,225	$ 3,226	$ 3,228	$ 3,230	$ 3,230	$ 15,730
Sewer Fund	575	575	575	575	575	10,042
Water Fund	549	549	458	422	422	7,533
	$ 4,349	$ 4,350	$ 4,261	$ 4,227	$ 4,227	$ 33,305

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently calculated at a rate of 4%. The 2014 earnings in the Sinking Fund were calculated to be $1,227,358 and are included in Other Revenue on the Consolidated Statement of Operations.

9. Tangible Capital Assets

In 2014 the City of Penticton incurred $13,256,358 of Capital Expenditures. The Tangible Capital Asset Policy requires that capital expenditures beneath a specified threshold are not capitalized. The total amount capitalized in accordance with the TCA Policy is $9,077,319 for 2014. The amount of Capital purchases below the TCA threshold that were expensed within the Consolidated Statement of Operations were $4,179,039.

10. Reporting by Object

	2014	2013
Salaries and Benefits	$ 22,023,072	$ 19,554,808
Goods and Services	41,619,583	39,225,584
Interest	4,041,565	4,455,138
Amortization of Tangible Capital Assets	13,123,406	12,624,531
Other Expenses	4,482,075	3,057,553
Vehicle and Equipment Maintenance	3,300,152	3,790,082
Policing Agreement	6,078,713	6,128,455
	$ 94,668,566	$ 88,836,151

11. Credit Facilities

a. Line of Credit

The City holds a $5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5003. As of December 31, 2013 there was a $490,162 balance outstanding.

b. Bank Indebtedness

The City holds a $3,480,000 EFT limit.

12. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2014 the Debt Reserve Fund demand note requirements were $3,534,669 (2013 - $3,534,669). In addition, cash deposits totaling $1,213,845 (2013 - $1,179,657) were held by the MFA.

13. Land Inventory Held for Re-Sale

Land inventory held for re-sale is recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is no longer reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the Consolidated Statement of Financial Position date; therefore the property has been reclassified to Tangible Capital Assets for 2014.

Land inventory held for re-sale consists of vacant lots along Eckhardt Avenue and was previously carried at cost of $2,397,891 on the Consolidated Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

14. Budget

The Financial Plan (Budget) Bylaw adopted by Council on January 2, 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council with adjustments as follows:

	2014
Financial Plan (Budget) Bylaw surplus for the year	$ -
Add:	
Transfer to Funds/Reserves	552,143
Debt Principal Repayments	4,379,294
Budgeted Capital Expenditures	22,835,900
Less:	
Budgeted Transfers from Surplus	8,298,732
Budget Surplus per Statement of Operations	$ 19,468,605

15. Transfers From Other Governments

	2014	2013
Gas tax strategic priorities fund-West Okanagan Lake waterfront	$ -	$ 1,202,615
Gas tax community works fund	1,392,510	907,138
Traffic fine revenue sharing	314,454	733,142
Okanagan Basin Water Board grants	236,073	219,795
BC Arts Council	20,000	-
Miscellaneous	21,693	40,473
	$ 1,984,730	$ 3,103,163

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

17. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

17. Segmented Information continued

General Government Services

This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to a specific segment.

Protective Services

Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services

Transportation is responsible for providing the City's transit services.

Environmental Health Services

Environmental services consists of providing waste disposal to citizens.

Public Health and Safety

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services

This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture

This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts.

Electrical Supply

This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer System Utility

This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

Water Utility Services

This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

BDO

Tel: 250 492 6020
Fax: 250 492 8110
www.bdo.ca

BDO Canada LLP
102 - 100 Front Street
Penticton BC V2A 1H1 Canada

Independent Auditor's Comments on Supplementary Information

To the Mayor and Council of
The Corporation of the City of Penticton

We have audited the consolidated financial statements of The Corporation of the City of Penticton, which comprise the consolidated statement of financial position as at December 31, 2014 and consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued our report thereon dated May 19, 2015. This report contained an unmodified opinion on the consolidated financial statements as a whole. The following supplemental financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

BDO Canada LLP

Chartered Accountants

Penticton, British Columbia
May 19, 2015

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	2014 Budget	2014	2013
REVENUE			
Taxation	$ 26,396,585	$ 26,311,202	$ 25,817,696
Sales of Services	12,716,355	13,618,413	11,653,758
Government Grants and Transfers	1,360,500	1,748,657	1,680,752
Transfer From Other Funds/Reserves	3,928,957	6,546,208	8,342,624
Other Revenue	8,982,305	11,183,213	9,971,209
Other Contributions	406,906	462,994	901,411
Sale of Assets	-	138,801	974,501
Collections For other Governments	19,970,544	20,143,314	19,935,708
	73,762,152	80,152,802	79,277,659
EXPENDITURE			
Salaries and Benefits	13,150,353	17,469,435	16,316,176
Goods and Services	14,156,743	12,562,209	11,338,277
Interest	2,660,252	2,579,144	2,950,757
Principal Payments	3,224,837	3,224,838	4,700,291
Other Expenses	3,495,897	3,284,184	3,057,553
Vehicle and Equipment Maintenance	2,475,617	2,427,230	2,863,979
Policing Agreement	6,621,659	6,078,713	6,128,455
Transfer to Other Funds/Reserves	8,006,250	11,255,192	11,789,056
Transfers to Other Governments	19,970,544	20,146,542	19,935,708
Write down of assets	-	1,197,891	-
	73,762,152	80,225,378	79,080,252
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(72,576)	197,407
CHANGE IN FUND BALANCES	-	(72,576)	197,407
FUND BALANCES, BEGINNING OF YEAR	5,212,666	5,212,666	5,015,259
FUND BALANCES, END OF YEAR	$ 5,212,666	$ 5,140,090	$ 5,212,666

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	2014	2013
Balance, Beginning of Year	$ 14,095,199	$ 12,581,839
Add		
Transfers from:		
Revenue Funds	2,673,904	3,235,848
Interest Earned	237,059	207,269
Deduct		
Transfers to:		
Capital Funds	1,694,050	1,929,757
	$ 15,312,112	$ 14,095,199
STATUTORY RESERVE FUND BALANCES		
Equipment Replacement Reserve Fund	2,924,821	2,795,235
Tax Sale Lands Reserve Fund	7,243	7,116
Capital Reserve Fund	3,573,264	3,408,659
Local Improvement	1,658,109	1,722,707
Water Capital Reserve Fund	866,867	511,302
Sewer Capital Reserve Fund	520,454	851,623
Electric Capital Reserve Fund	972,860	955,752
Off-Site Parking Reserve Fund	117,387	115,323
Community Works Reserve Fund	4,374,459	3,436,051
Amenity Density Reserve	296,648	291,431
Balance, End of Year	**$ 15,312,112**	$ 14,095,199

9. Tangible Capital Assets continued

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2014 Total
COST									
Opening Balance	$ 45,572,390	$ 161,169,949	$ 34,277,444	$ 47,752,271	$ 46,764,884	$ 63,859,999	$ 72,349,026	$ 4,899,005	$ 476,644,968
Add: Additions	81,340	612,443	1,209,634	541,440	879,382	2,335,314	1,317,116	2,100,650	9,077,319
Add: Trsf to/from Construction in Progress	-	49,702	146,348	-	1,424,645	669,418	2,223,452	(4,513,563)	-
Add: Contributed Assets	-	-	-	687,206	1,727,988	1,774,083	1,045,344	-	5,234,621
Less: Disposals	-	-	240,819	-	-	4,807	-	-	245,626
Re-classification	1,212,878	-	-	-	-	-	-	(88,298)	1,124,580
	46,866,608	161,832,094	35,392,605	48,980,917	50,796,899	68,634,007	76,934,938	2,397,794	491,835,862
ACCUMULATED AMORTIZATION									
Opening Balance	-	53,185,284	20,927,691	6,330,021	16,365,299	27,946,497	38,805,086	-	163,559,878
Add: Amortization	-	4,863,118	1,937,077	1,018,787	771,606	2,211,192	2,321,625	-	13,123,405
Less: Acc Amortization on Disposals	-	-	180,147	-	-	-	-	-	180,147
	-	58,048,402	22,684,621	7,348,808	17,136,905	30,157,689	41,126,711	-	176,503,136
Net Book Value for Year Ended Dec. 31, 2014	$ 46,866,608	$ 103,783,692	$ 12,707,984	$ 41,632,109	$ 33,659,994	$ 38,476,318	$ 35,808,227	$ 2,397,794	$ 315,332,726

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2013 Total
COST									
Opening Balance	$ 46,295,256	$ 160,420,594	$ 32,457,417	$ 47,414,746	$ 45,986,506	$ 63,313,159	$ 71,807,715	$ 1,709,000	$ 469,404,393
Add: Additions	52,250	799,316	2,162,879	337,525	778,378	546,840	692,597	3,190,005	8,559,790
Less: Disposals	775,116	49,961	342,852	-	-	-	151,286	-	1,319,215
	45,572,390	161,169,949	34,277,444	47,752,271	46,764,884	63,859,999	72,349,026	4,899,005	476,644,968
ACCUMULATED AMORTIZATION									
Opening Balance	-	48,363,627	19,387,407	5,374,541	15,653,596	25,865,589	36,774,103	-	151,418,863
Add: Amortization	-	4,871,618	1,850,636	955,480	711,703	2,080,908	2,154,186	-	12,624,531
Less: Acc Amortization on Disposals	-	49,961	310,352	-	-	-	123,203	-	483,516
	-	53,185,284	20,927,691	6,330,021	16,365,299	27,946,497	38,805,086	-	163,559,878
Net Book Value for Year Ended Dec. 31, 2013	$ 45,572,390	$ 107,984,665	$ 13,349,753	$ 41,422,250	$ 30,399,585	$ 35,913,502	$ 33,543,940	$ 4,899,005	$ 313,085,090

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2014

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2014 Total
REVENUE											
Taxation	$ 26,311,202	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,389,747	$ -	$ 27,700,949
Sales of Services	3,515,867	1,022,469	1,135,883	2,287,988	267,729	107,697	2,218,481	36,562,997	4,188,636	6,845,896	58,153,643
Government Grants and Transfers	1,728,657	-	-	-	-	-	20,000	-	236,073	-	1,984,730
Other Revenue	11,115,083	-	-	-	-	216,653	4,950	-	-	3,151,085	14,487,771
Other Contributions	158,306	-	296,423	-	-	-	8,265	354,574	18,052	75,245	910,865
Gain on Sale of TCA	34,219	-	103,591	-	-	-	-	-	-	-	137,810
Contributed Asset Revenue	5,234,621	-	-	-	-	-	-	-	-	-	5,234,621
	48,097,955	1,022,469	1,535,897	2,287,988	267,729	324,350	2,251,696	36,917,571	5,832,508	10,072,226	108,610,389
EXPENDITURE											
Salaries and Benefits	4,227,819	6,209,939	1,807,154	15,560	20,857	916,685	4,271,420	1,880,696	1,293,073	1,379,869	22,023,072
Goods and Services	2,281,757	653,242	3,554,211	1,257,765	134,456	1,017,631	3,663,148	25,932,021	1,154,934	1,970,418	41,619,583
Interest	(45,334)	112,875	188,893	-	-	-	2,322,710	-	769,506	692,915	4,041,565
Amortization of Tangible Capital Assets	6,417,228	-	3,023,397	-	-	-	-	2,211,192	900,869	570,720	13,123,406
Other Expenses	1,723,498	49,772	837	-	-	487,837	1,022,240	-	-	-	3,284,184
Vehicle and Equipment Maintenance	349,642	86,400	1,575,634	1,958	1,531	2,684	409,381	222,883	428,438	221,601	3,300,152
Policing Agreement	-	6,078,713	-	-	-	-	-	-	-	-	6,078,713
Write down of assets	1,197,891	-	-	-	-	-	-	-	-	-	1,197,891
	16,152,501	13,190,941	10,150,126	1,275,283	156,844	2,424,837	11,688,899	30,246,792	4,546,820	4,835,523	94,668,566
Excess (Deficiency) of Revenues Over Expenditures	$ 31,945,454	$(12,168,472)	$ (8,614,229)	$ 1,012,705	$ 110,885	$ (2,100,487)	$(9,437,203)	$ 6,670,779	$ 1,285,688	$ 5,236,703	$ 13,941,823

See accompanying notes to the Consolidated Financial Statements.

SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2013

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2013 Total
REVENUE											
Taxation	$ 25,817,696	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,347,799	$ -	$ 27,165,495
Sales of Services	2,640,181	944,645	1,005,608	1,812,792	263,709	136,739	1,987,083	36,247,860	4,000,853	6,349,335	55,388,805
Government Grants and Transfers	1,675,665	-	1,202,615	-	-	-	5,088	-	203,773	16,022	3,103,163
Other Revenue	11,346,682	1,373	8,951	-	(118)	70,059	4,693	5,524	11,984	17,203	11,466,351
Other Contributions	129,306	-	640,149	-	-	-	123,255	101,703	(6,629)	33,453	1,021,237
Gain on Sale of TCA	199,386	-	-	-	-	-	-	-	-	-	199,386
	41,808,916	946,018	2,857,323	1,812,792	263,591	206,798	2,120,119	36,355,087	5,557,780	6,416,013	98,344,437
EXPENDITURE											
Salaries and Benefits	2,820,048	6,548,488	2,201,246	1,363	8,863	1,007,326	3,728,842	1,098,525	1,102,669	1,037,438	19,554,808
Goods and Services	1,514,160	725,676	2,284,902	1,217,763	174,336	1,184,421	4,237,018	26,136,523	752,496	998,289	39,225,584
Interest	(42,166)	126,000	193,045	-	128,750	-	2,545,128	-	769,671	734,710	4,455,138
Amortization of Tangible Capital Assets	6,722,254	-	2,154,186	-	-	-	-	2,080,908	955,480	711,703	12,624,531
Other Expenses	1,601,526	17,470	(5,508)	-	-	457,166	986,899	-	-	-	3,057,553
Vehicle and Equipment Maintenance	318,791	93,418	2,134,712	216	2,224	6,844	307,773	301,872	299,551	324,681	3,790,082
Policing Agreement	-	6,128,455	-	-	-	-	-	-	-	-	6,128,455
	12,934,613	13,639,507	8,962,583	1,219,342	314,173	2,655,757	11,805,660	29,617,828	3,879,867	3,806,821	88,836,151
Excess (Deficiency) of Revenues Over Expenditures	$ 28,874,303	$(12,693,489)	$ (6,105,260)	$ 593,450	$ (50,582)	$ (2,448,959)	$(9,685,541)	$ 6,737,259	$ 1,677,913	$ 2,609,192	$ 9,508,286

See accompanying notes to the Consolidated Financial Statements.

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	Equipment Replacement	Tax Sale Lands	Capital	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	Amenity Density	Community Works	2014 Total	2013 Total
BALANCE, BEGINNING OF YEAR	$ 2,795,238	$ 7,116	$ 3,408,859	$ 1,722,707	$ 511,302	$ 861,823	$ 966,752	$ 115,323	$ 291,431	$ 3,436,051	$ 14,066,199	$ 12,881,839
ADD												
Transfers from:												
General Revenue Fund	1,036,000	-	103,980	141,802	-	-			-	1,392,512	2,673,604	2,790,970
General Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-
Water Capital Fund	-	-	-	-	-	-	-	-	-	-	-	161,114
Water Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	284,355
Interest Earned	53,212	127	61,015	21,802	9,152	15,244	17,108	2,084	5,217	52,118	237,060	207,269
	1,089,212	**127**	**164,995**	**163,604**	**9,152**	**15,244**	**17,108**	**2,084**	**5,217**	**1,444,630**	**2,910,963**	**3,443,117**
DEDUCT												
Transfers to:												
General Capital Fund	959,626	-	-	150,902	-	-	-	-	-	506,222	1,616,750	1,929,757
General Capital Reserve												
Sewer Capital Fund	-	-	-	77,300	-	-	-	-	-	-	77,300	-
Water Capital Fund												
Water Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Revenue Fund												
General Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-
	959,626	**-**	**-**	**228,202**	**-**	**-**	**-**	**-**	**-**	**506,222**	**1,694,050**	**1,929,757**
BALANCE, END OF YEAR	**$ 2,924,821**	**$ 7,243**	**$ 3,573,264**	**$ 1,658,109**	**$ 520,454**	**$ 877,067**	**$ 972,860**	**$ 117,407**	**$ 296,648**	**$ 4,374,459**	**$ 15,312,112**	**$ 14,066,199**

SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	2014 Budget	2014	2013
REVENUE			
Taxation	$ 1,348,200	$ 1,389,747	$ 1,347,799
Sales of Services	3,946,000	4,188,636	3,996,204
Government Grants and Transfers	203,320	236,073	203,773
Other Revenue	-	-	11,984
Transfer From Other Funds/Reserves	-	941,450	-
	5,497,520	6,755,906	5,559,760
EXPENDITURE			
Salaries and Benefits	1,099,600	1,293,073	1,102,669
Goods and Services	1,529,606	1,537,735	1,110,495
Interest	773,830	769,506	769,671
Principal Payments	575,057	575,057	575,057
Vehicle and Equipment Maintenance	176,413	428,438	299,551
Transfer to Other Funds/Reserves	4,947,854	4,692,226	336,959
	9,102,360	9,296,035	4,194,402
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,604,840)	(2,540,129)	1,365,358
CHANGE IN FUND BALANCES	(3,604,840)	(2,540,129)	1,365,358
FUND BALANCES, BEGINNING OF YEAR	8,761,991	8,761,991	7,396,633
FUND BALANCES, END OF YEAR	$ 5,157,151	$ 6,221,862	$ 8,761,991

WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	2014 Budget	2014	2013
REVENUE			
Sales of Services	$ 6,090,495	$ 6,845,896	$ 6,292,996
Government Grants and Transfers	-	-	16,022
Transfer From Other Funds/Reserves	337,750	621,523	892,900
Other Revenue	-	3,151,085	17,203
	6,428,245	10,618,504	7,219,121
EXPENDITURE			
Salaries and Benefits	926,690	1,379,869	1,037,437
Goods and Services	1,750,205	2,436,120	1,433,290
Interest	759,450	692,915	734,710
Principal Payments	579,400	549,141	579,384
Vehicle and Equipment Maintenance	250,000	221,600	324,681
Transfer to Other Funds/Reserves	2,187,500	5,205,563	1,677,981
	6,453,245	10,485,208	5,787,483
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,000)	133,296	1,431,638
CHANGE IN FUND BALANCES	(25,000)	133,296	1,431,638
FUND BALANCES, BEGINNING OF YEAR	1,979,983	1,979,983	548,345
FUND BALANCES, END OF YEAR	$ 1,954,983	$ 2,113,279	$ 1,979,983

ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	2014 Budget	2014	2013
REVENUE			
Sales of Services	$ 36,903,420	$ 36,562,998	$ 36,144,405
Other Revenue	-	-	5,524
Transfer From Other Funds/Reserves	-	5,878,707	1,869,849
	36,903,420	42,441,705	38,019,778
EXPENDITURE			
Salaries and Benefits	1,045,916	1,880,696	1,098,525
Goods and Services	30,164,400	28,145,822	28,206,523
Vehicle and Equipment Maintenance	135,400	222,883	301,872
Transfer to Other Funds/Reserves	9,405,375	9,055,107	9,442,732
	40,751,091	39,304,508	39,049,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,847,671)	3,137,197	(1,029,874)
CHANGE IN FUND BALANCES	(3,847,671)	3,137,197	(1,029,874)
FUND BALANCES, BEGINNING OF YEAR	7,048,971	7,048,971	8,078,845
FUND BALANCES, END OF YEAR	$ 3,201,300	$ 10,186,168	$ 7,048,971

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2014
(UNAUDITED)

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2014 Payments	
										Interest	Principal
General Fund											
9925	20005	72	12-Apr-00	RCMP Building	$ 2,500,000	$ 1,007,709	20	2020	2.625	$ 65,625	$ 82,873
9925	20046	73	07-Nov-00	RCMP Building	1,500,000	604,626	20	2020	3.150	47,250	49,725
2003-15	2268	81	22-Apr-04	Storm Sewer	337,500	209,119	20	2024	3.630	12,251	10,207
2004-16	859-2004	85	25-Oct-04	Parks-Land Acquisition	1,680,000	1,040,948	20	2024	4.975	83,580	50,808
2004-18	859/2004	85	25-Oct-04	Road Works-S. Main St.	195,000	120,824	20	2024	4.975	9,701	5,897
2004-19	859/2004	85	25-Oct-04	Road Design-Main St.	150,000	92,942	20	2024	4.975	7,463	4,536
2004-20	859/2004	85	25-Oct-04	Integrated Waterfront	550,000	340,787	20	2024	4.975	27,363	16,633
2004-21	859/2004	85	25-Oct-04	Youth Park	50,000	30,981	20	2024	4.975	2,488	1,512
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	800,000	489,183	20	2025	5.100	25,920	38,114
2004-20	1108-2004	93	06-Apr-05	Integrated Waterfront	520,000	317,969	20	2025	5.100	16,848	24,774
2004-21	614/2005	95	13-Oct-05	Youth Park	150,000	96,692	20	2025	4.170	6,255	5,037
2004-18	615/2005	95	13-Oct-05	Integrated Waterfront	825,000	531,804	20	2025	4.170	34,403	27,705
2006-15	17/17/2006	99	07-Nov-06	Road Works-Fairview/Ind	1,595,000	1,101,459	20	2026	4.430	70,659	53,563
2006-17	17/17/2006	99	07-Nov-06	Sportsfields	3,200,000	2,209,825	20	2026	4.430	141,760	107,462
2006-18	273-2007	102	27-Mar-07	Queens Park Site Serv	7,000,000	2,395,005	10	2017	4.820	337,400	583,037
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront '06	350,000	257,167	20	2027	4.820	16,870	11,754
2006-39	273/2007	102	02-Nov-07	S Okanagan Event Ctre	8,000,000	2,737,149	10	2017	4.820	385,600	666,328
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	2,331,759	20	2028	4.650	139,500	100,745
2006-39	333/2008	104	20-Nov-08	S Okanagan Event Cntr	10,000,000	4,475,332	10	2018	5.150	515,000	832,909
2007-41	333/2008	104	20-Nov-08	Cemetery-Columbarium	2,500,000	1,943,133	20	2028	5.150	128,750	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	777,253	20	2028	5.150	51,500	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	411,944	20	2028	5.150	27,295	17,798
2007-60	333/2008	104	20-Nov-08	PIDA	1,140,000	510,188	10	2018	5.150	58,710	94,952
2007-60	157-2009	105	21-Apr-09	PIDA	231,344	126,978	10	2019	4.900	11,336	19,269
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	339,516	20	2029	4.130	17,140	13,936
2007-52	15/30/2010	110	08-Apr-10	Indoor Soccer Ph2	586,000	502,434	20	2030	4.500	26,370	19,679
2009-14	15/30/2010	110	08-Apr-10	Pool Upgrades	7,400,000	6,344,733	20	2030	4.500	333,000	248,505
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	120,848	20	2031	4.200	5,670	4,534
2009-43	B25/2011	116	04-Apr-11	Road Wrks-Smythe Dr	447,000	400,140	20	2031	4.200	18,774	15,011
					56,786,844	31,868,447				2,624,481	3,224,839

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2014
(UNAUDITED)

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2014 Payments	
										Interest	Principal
Water Fund											
92110	9542	61	01-Dec-95	Water Treatment Plant	3,000,000	229,265	20	2015	4.000	90,000	90,728
92110	96-08	63	01-Jun-96	Water Treatment Plant	1,200,000	179,045	20	2016	3.000	36,000	36,291
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	3,224,963	20	2026	4.430	206,881	156,827
2007-86	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	3,109,012	20	2028	5.150	206,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	3,190,631	20	2029	4.130	161,070	130,969
					16,770,000	9,932,916				699,951	549,142
Sewer Fund											
2006-61	273/2007	102	02-Nov-07	Septage Handling Facility	1,050,000	771,500	20	2027	4.820	50,610	35,261
2008-10	333-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	6,218,025	20	2028	5.150	412,000	268,654
2007-60	333/2008	104	20-Nov-08	PIDA	360,000	161,112	10	2018	5.150	18,540	29,985
2007-60	157/2009	105	21-Apr-09	PIDA	73,056	40,098	10	2018	4.900	3,580	6,085
2008-10	638-2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	5,726,772	20	2029	4.130	289,100	235,072
					16,483,056	12,917,507				773,830	575,057
					$ 90,039,900	$ 54,718,870				$ 4,098,262	$ 4,349,038

THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CEMETARY PERPETUAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	2014	2013
ASSETS		
Bank Term Deposits	$ 953,983	$ 934,850
Less:		
Due To General Revenue Fund	50,090	40,910
	$ 903,893	$ 893,940
SURPLUS		
Balance, Beginning of Year	$ 893,940	$ 911,080
Add:		
Care Fund Contributions	22,430	26,445
Interest Earned	17,523	17,415
	39,953	43,860
Deduct:		
Cemetary Maintenance	30,000	61,000
Balance, End of Year	$ 903,893	$ 893,940

permissive tax exemptions

Applicant	Estimated 2014 tax exemption
Affordable Living for Today Society	$3,410
Army, Navy & Air Force Veterans in Canada, Unit 97	1,555
Care Closet	1,970
Cheers the Church	5,687
Christian Science Society	1,044
Church of Jesus Christ of Latter Day Saints	5,579
Church of the Nazarene	2,818
Concordia Lutheran Church	4,960
Good Samaritan Canada (Village by the Station)	51,406
Governing Council of the Salvation Army #344	19,411
Grace Mennonite Brethren Church	1,513
Green Mountain Christian Congregation of Jehovah's Witnesses	2,719
Hellenic Community Society of Penticton	1,279
Holy Cross School	3,214
Luso Canadian Multicultural Society of Penticton	2,228
Oasis United Church	12,428
Okanagan Boys & Girls Club	4,798
Ooknakane Friendship Centre	4,705
Our Redeemer Lutheran Church	1,648
Penticton & District Community Arts Council	9,973
Penticton & District Community Resources Society	19,510
Penticton & District Society for Community Living	29,433
Penticton Alliance Church	3,774
Penticton Art Gallery	17,589
Penticton Bethel Pentecostal Tabernacle	11,724
Penticton Curling Club	7,522
Penticton Early Childhood Education Society	1,435
Penticton Elks Lodge #51	1,836
Penticton First Baptist Church	5,020
Penticton Free Presbyterian Church	2,622
Penticton Golf & Country Club	21,503
Penticton Kinsmen Disability Resource Centre Society	8,435
Penticton Kiwanis Housing Society	36,736
Penticton Masonic Building Association	2,816
Penticton New Beginnings Christian Fellowship	2,881
Penticton Senior's Drop-In Centre	2,601
Penticton Sikh Temple & Indian Cultural Society	2,077
Penticton United Church	3,042
Penticton Vineyard Community Church	6,002
Roman Catholic Bishop of Nelson (St. Ann's)	5,206
Roman Catholic Bishop of Nelson for Birthright of Penticton Society	1,336
Roman Catholic Bishop of Nelson for Penticton Recovery Resource Society	1,276
Royal Canadian Legion	2,749
S.S. Sicamous Restoration Society	16,390
Seventh-day Adventist Church	4,269
South Okanagan Similkameen Brain Injury Society	3,463
South Okanagan Similkameen Branch of the BCSPCA	12,492
South Okanagan Similkameen Medical Foundation	6,041
South Okanagan Women in Need Society	5,277
St. Andrew's Presbyterian Church	3,370
St. John Vianney Church	1,996
St. Saviour's Anglican Church	4,406
Victory Church of Penticton	639
Total	$397,813